



## Chaire en fiscalité et en finances publiques

# Bulletin de veille

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### QUÉBEC/CANADA

#### CHAIRE EN FISCALITÉ ET EN FINANCES PUBLIQUES (CFFP)

Collectif, « [Bilan de la fiscalité au Québec, Édition 2019](#) », 10 janvier 2019, 109 p.

Avec 155,8 G\$ de recettes fiscales collectées au Québec par l'ensemble des administrations publiques, le poids de la fiscalité au Québec représentait 37,3 % du PIB en 2017.

Parmi le lot de bilans et de rétrospectives, la Chaire de recherche en fiscalité et en finances publiques présente son édition annuelle du Bilan de la fiscalité au Québec – Édition 2019. Cet exercice consiste à regrouper une série d'indicateurs importants qui, bien que souvent étudiés isolément, sont rarement traités dans un même document. Il en résulte un portrait de la situation de la fiscalité au Québec regroupant les données les plus récentes présentées dans une soixantaine de graphiques et tableaux brièvement expliqués.

Cette édition du Bilan de la fiscalité au Québec débute encore cette année par une section destinée à présenter les annonces fiscales québécoise et canadienne depuis la dernière édition du bilan. Les

deux sections suivantes effectuent une comparaison de la fiscalité au Québec par rapport à celle des pays membres de l'Organisation de coopération et de développement économiques (OCDE), qui incluent les pays du G7, et, lorsque c'est possible, à celle des autres provinces canadiennes. Puis, une section présente la charge fiscale nette du Québec avec les pays membres de l'OCDE pour huit situations familiales. Les deux sections suivantes se concentrent presque exclusivement sur des données québécoises, et, dans certains cas, sur leur évolution dans le temps. Finalement, une nouvelle section s'ajoute et présente le coefficient de Gini qui permet d'évaluer l'importance du rôle des gouvernements pour réduire les inégalités, notamment par la fiscalité.

Un outil interactif est également mis à votre disposition pour vous permettre de sélectionner les variables qui vous intéressent et de visualiser des données personnalisées.

#### INSTITUT FRASER

N. Veldhuis, J. Emes et al., « [Reforming Capital Gains Taxes in Alberta](#) », 18 décembre 2018, 11 p.

Pour mieux concurrencer certains états américains producteurs d'énergie, l'Alberta devrait éliminer la portion

## provinciale de l'imposition du gain en capital.

Capital gains taxes impose comparatively large costs on the economy by discouraging needed activities such as entrepreneurship, investment, and savings. A number of industrialized countries such as Switzerland, New Zealand, the Netherlands, and Belgium impose no capital gains taxes.

While the capital gains tax is a federal tax, there is a method by which to exempt capital gains income from provincial income taxes. Critically, nine US states exempt capital gains from state-level income taxes: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming. It's worthwhile to note that several of these states—Alaska, South Dakota, Texas, and Wyoming—are major energy-producing states.

Eliminating capital gains taxes from provincial income tax in Alberta would send a powerful signal to would-be entrepreneurs, investors, and business owners that the province is regaining its former competitiveness.

### INSTITUT FRASER

S. Lafleur, B. Eisen et M. Palacios, « [Can Alberta Restore Its Tax Advantage?](#) », 9 janvier 2019, 37 p.

Pour rétablir le niveau de compétitivité fiscale qu'avait l'Alberta en 2014, la province devrait couper l'impôt des sociétés de moitié et retourner à un système d'imposition à taux unique pour les particuliers au taux de 6 %.

Until recently, Alberta benefitted from one of the most pro-growth tax policy environments in North America. As recently as 2014, the province had the lowest top statutory combined federal and provincial or state personal income tax (PIT) and corporate income tax (CIT) rates of any Canadian province or American state. Unfortunately, recent changes have substantially undermined Alberta's tax competitiveness. This paper examines what Alberta would need to do to restore its tax competitiveness and explores the viability of the province making the necessary changes.

Three recent sets of developments have significantly eroded Alberta's tax competitiveness. These include changes to provincial tax policy, changes to federal tax policy, and rate reductions in the United States.

Given all these changes, this study examines what type of reforms would be needed to restore Alberta to its position as a North American jurisdiction with highly competitive statutory personal and corporate income tax rates.

### THE MOWAT CENTRE

E. Hartmann, « [Deconstructing the Gap](#) », 10 janvier 2019, 29 p.

En 2017-2018, l'écart entre les transferts fédéraux que l'Ontario auraient dû recevoir si ceux-ci étaient équitables et ce que la province a réellement reçu était de 3,7 milliards de dollars.

The majority of federal government spending comes in the form of transfer payments to Canada's provinces and citizens. However, not all of these transfers are allocated in a fair and principled manner. Previous Mowat Centre reports have assessed the fairness of larger transfers such as Equalization and EI. This report goes deeper by examining whether the more than 600 other smaller federal transfers are allocated in a fair and principled manner. A principled transfer is one allocated in a manner that is clear and transparent, is fair to Canadians regardless of where they live, is consistent with the transfer's policy objectives, and is predictable while having flexibility to adapt to changing circumstances.

The path towards a more principled and fair transfers system is both clear and achievable. As a first step, the federal government should transparently account for its chosen allocation methods. Where deviations from a principles-based allocation exist, these should be explained. Over time, these deviations from principle should be addressed.



# ÉTATS-UNIS

CATO INSTITUTE

J-C. Suarez Serrato, « [Unintended Consequences of Eliminating Tax Havens](#) », 12 décembre 2018, 2 p.

Les conséquences inattendues de l'élimination des paradis fiscaux seraient une diminution des investissements domestiques par les multinationales ainsi que du nombre d'emplois.

Profit shifting to tax havens by multinational corporations lowers tax revenues and is a key motivation for tax reform. For instance, the Tax Cuts and Jobs Act of 2017 introduced new taxes on intangible income with the aim of limiting profit shifting. While the debate over profit shifting focuses on tax revenues, my research shows that limits to profit shifting raise the effective cost of investment and incentivize multinationals to shift employment and investment abroad.

I show that eliminating tax havens has unintended consequences for the domestic economy by studying a policy that

limited profit shifting by U.S. multinationals. The repeal of section 936 of the Internal Revenue Code phased out the ability of U.S. multinationals to shift profits to affiliates in Puerto Rico. Under section 936, U.S. corporations had an incentive to

shift profits to Puerto Rico, since the section essentially excluded the income of Puerto Rican affiliates from corporate

taxes. Its repeal raised the effective corporate tax rate of exposed firms by about 6 percentage points. Since firms exposed

to section 936 employed close to 11 million workers in the continental United States and were responsible for 16.1 percent of all investment by publicly listed firms, this fiscal shock had the potential to cause lasting disruptions in the U.S. economy.

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## CENTER ON BUDGET AND POLICY PRIORITIES (CBPP)

B. Duke, « [Pass-Through Deduction in 2017 Tax Law Could Weaken Wages and Workplace Standards](#) », 19 décembre 2018, 13 p.

La déduction de 20% sur les revenus des entités de détention «pass-through» aux États-Unis encourage l'incorporation des employés et la sous-traitance.

« A key provision of last year's tax law — a law that supporters claim will boost wages and create good jobs — may contribute to “workplace fissuring,” which occurs when firms acquire workers' services without employing them directly. Examples include hiring truck drivers as independent contractors instead of as employees or hiring a janitorial services firm instead of hiring janitors directly. Workers employed in some of these arrangements tend to be paid less than workers that firms employ directly, extensive evidence shows. In fact, increasing evidence suggests that some types of workplace fissuring may contribute to growing compensation inequality.

The provision in question is the new 20 percent deduction for certain “pass-through” income — income that owners of businesses such as partnerships, S corporations, and sole proprietorships report on their individual tax returns, which previously was taxed at the same individual tax rates as their wage and salary income. The deduction reflects the tax law's three fundamental flaws: it is heavily tilted toward the wealthy, loses significant revenue at a time when the federal government needs additional revenue, and makes it easier for wealthy individuals to game the tax system. Policymakers should be working to alleviate workplace fissuring and compensation inequality, but the pass-through deduction may encourage more of both in two basic ways:

Because it provides a tax break for independent contractors but not employees, employers can use it to entice new hires to accept independent contractor positions, even though the drawbacks for those workers could outweigh their tax gains. [...]

It could further encourage firms to adopt arrangements that push workers outside of direct employment, such as contracting out and franchising,

which typically lead to lower wages and lower benefits for affected workers. [...] »

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## CENTER ON BUDGET AND POLICY PRIORITIES (CBPP)

E. McNichol, « [State Taxes on Inherited Wealth](#) », 12 décembre 2018, 8 p.

Les États doivent se doter d'impôts sur les successions (estate tax) ou de droits de succession (inheritance tax) pour assurer l'équité fiscale.

Most state and local tax systems are upside down: the wealthy pay a smaller share of their income in these taxes than low- and middle-income people do, even though they are best able to afford it. State taxes on inherited wealth are an exception, since they apply only to the wealthiest individuals and are the primary state tax on wealth. But these taxes have gradually eroded even as wealth and income have become more concentrated. States with these taxes should maintain them, and states without them should consider enacting them — or consider taxing inheritances as income. State taxes on inherited wealth do not depend on the existence of the federal estate tax.

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## CENTER ON BUDGET AND POLICY PRIORITIES (CBPP)

E. McNichol, « [State Taxes on Capital Gains](#) », 11 décembre 2018, 8 p.

Les États qui imposent à un taux moindres ou qui offrent d'autres traitements préférentiels sur le gain en capital doivent abolir ces mesures pour assurer l'équité fiscale.

Most state and local tax systems are upside down: the wealthy pay a smaller share of their income in these taxes, on average, than low- and middle-income people do, even though they are best able to afford to pay more. Capital gains, which go overwhelmingly to the wealthiest households, receive special tax preferences in a number of states, such as a partial exemption. States with such prefer-

ences should eliminate them. States also have several options to boost capital gains revenue to support investments that benefit the state as a whole.

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## CONGRESSIONAL RESEARCH OFFICE

J. Hopkinson, « [Profiles and Effects of Retaliatory Tariffs on U.S. Agricultural Exports](#) », 31 décembre 2018, 20 p.

Les tarifs imposés aux fèves de soja, accompagnés d'une diminution de la demande mondiale de coton, réduiront les exportations agricoles américaines de 1,9 G\$ à 8 G\$ en 2019.

Countries have imposed tariffs on U.S. agricultural products to retaliate against actions the Trump Administration took in spring 2018 to protect U.S. steel and aluminum producers and in response to Chinese intellectual property rights and technology policies. Since then, more than 800 U.S. food and agricultural products have been subject to retaliatory tariffs from China, the European Union (EU), Turkey, Canada, and Mexico. U.S. exports of those products to the retaliating countries totaled \$26.9 billion in 2017, according to USDA export data.

USDA is attempting to ease the downside effects of the retaliatory tariffs on farmers and ranchers through a \$12 billion trade aid package. Under this initiative, USDA has committed to making direct payments to farmers of selected commodities subject to the tariffs, as well as buying up surplus quantities of some commodities and providing funding for additional trade promotion efforts. In addition, legislation that was introduced in the 115th Congress sought to provide more trade assistance funding for farmers and ranchers, though none of the bills passed.

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## LEGISLATIVE ANALYST OFFICE (LAO)

M. Taylor, « [Analyzing Recent Changes to State Support for Fiscally Distressed Districts](#) », 20 décembre 2018, 8 p.

Le processus historique de contrôle des budgets des districts par l'État a permis de maintenir la grande majorité des districts sur une base budgétaire positive.

Recent legislation made several changes to the state's system for intervening in fiscally distressed school districts. These changes could have significant implications for districts moving forward. In this report, we provide background on how the state historically has intervened in fiscally distressed districts, describe and assess the recent changes the state made, and offer associated recommendations.

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## LEGISLATIVE ANALYST OFFICE (LAO)

M. Taylor, « [Assessing California's Climate Policies - An Overview](#) », 21 décembre 2018, 20 p.

L'utilisation d'une tarification du carbone à l'échelle de l'économie doit être considérée dans la conception et l'évaluation future de la politique climatique.

Chapter 135 of 2017 (AB 398, E. Garcia) requires our office to annually report on the economic impacts and benefits of California's statutory greenhouse gas (GHG) emission goals—statewide emissions to 1990 levels by 2020 and to 40 percent below 1990 levels by 2030. This report provides a conceptual overview of the potential economic effects of policies intended to help meet these goals—both positive and negative—as well as identifies some key issues for the Legislature to consider when designing and evaluating state climate policies. In a companion report, we provide more detailed information and comments on the state's major policies aimed at reducing emissions from the transportation sector.

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## LEGISLATIVE ANALYST OFFICE (LAO)

M. Taylor, « [Assessing California's Climate Policies -Transportation](#) », 21 décembre 2018, 48 p.

Les transports sont la source la plus importante d'émissions de GES en Californie, particulièrement les véhicules légers.

Chapter 135 of 2017 (AB 398, E. Garcia) requires our office to annually report on the economic impacts and benefits of California's statutory greenhouse gas (GHG) emission goals—statewide emissions to 1990 levels by 2020 and to 40 percent below 1990 levels by 2030. This report provides our assessment of the effects, of major policies in the transportation sector intended to help meet these goals, as well as identifies some key issues for the Legislature to consider as it makes future policy and budget decisions. In a companion report, *Assessing California's Climate Policies—An Overview*, we describe the general types of economic effects of state climate policies, key challenges in measuring these effects, and broad issues for the Legislature to consider when designing and evaluating its climate policies.

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## ROCKEFELLER INSTITUTE OF GOVERNMENT

L. Schultz et M. Cummins, « [Giving or Getting? New York's Balance of Payments with the Federal Government](#) », 9 janvier 2019, 44 p.

Une analyse des recettes et dépenses du budget fédéral démontre que l'État de New York contribue davantage aux impôts que l'État ne bénéficie des dépenses fédérales.

In its second year of annual analysis, the Rockefeller Institute of Government has examined the distribution of Federal Budget receipts and expenditures across the United States. This report examines where Federal funds are generated and spent, the balance of payments differential that exists between states, the primary explanations

for those differences, and how these gaps may change over time.

Our annual analysis is designed to aid policymakers as they continue to discuss whether there is too much redistribution or too little, and the impact of those redistribution decisions on states. The Rockefeller Institute examined detailed revenue and spending data for Federal Fiscal Year (FFY) 2016 and developed a preliminary data series for FFY 2017, paying close attention to New York. The findings are clear: New York's residents and businesses — which consistently send more revenue to the Federal government than any other state — continue to contribute more in taxes than the state receives back in Federal spending.

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## TAX FOUNDATION

S. Eastman et N. Kaeding, « [Opportunity Zones: What We Know and What We Don't](#) », 8 janvier 2019, 11 p.

Le « Tax Cuts and Jobs Act » inclut le programme de « zones d'opportunités » avec une imposition favorable des gains en capital dans les quartiers défavorables pour inciter l'investissement, mais l'analyse démontre que ce programme redistribue, plutôt que de générer, une nouvelle activité économique.

The Tax Cuts and Jobs Act (TCJA) created the Opportunity Zones program to increase investment in economically distressed communities. The program provides preferential capital gains treatment for investments within designated low-income census tracts. Policymakers hope opportunity zones will unleash investment in low-income communities throughout the country.

This analysis describes opportunity zone program incentives, reviews both academic and government evidence on the effects of place-based incentive programs, and discusses possible outcomes for opportunity zone residents. Overall, we find opportunity zones will present certain budgetary and economic costs to taxpayers and investors, but based on evidence from other place-based incentive programs, we cannot be certain opportunity

zones will generate sustained economic development for distressed communities.

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## TAX FOUNDATION

J. Walczak, « [Tax Trends Heading Into 2019](#) », Fiscal Fact n° 628, 19 décembre 2018, 15 p.

Présentation des tendances fiscales des États américains pour 2019.

State tax policy decisions are not made in isolation. Changes in federal law, global markets, and other exogenous factors create a similar set of opportunities and challenges across states. The challenges faced by one state often bedevil others as well, and the proposals percolating in one state capitol often show up elsewhere. Ideas spread and policies can build their own momentum. Sometimes a trend emerges because one state consciously follows another, and in other cases, similar conditions result in multiple states trying to solve the same problem independently.

Identifying state tax trends serves a dual purpose: first, as a leading indicator providing a sense of what we can expect in the coming months and years, and second, as a set of case studies, placing ideas into greater circulation and allowing empirical consideration of what has and has not worked.

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## TAX POLICY CENTER

M. Randall, K. Rueben, B. Theodos et A. Boddupalli, « [Partners or Pirates? Collaboration and Competition in Local Economic Development](#) », 20 décembre 2018, 67 p.

Bien que les relations entre les gouvernements sont compétitives, ils collaborent lorsque les avantages matériels dépassent les coûts et que des normes de confiance et de réciprocité sont établies.

In this report, we explore how and why local governments have turned to cooperation to boost economic development. We synthesize highlights from the literature, explore program features from

two regional case studies, and share findings from interviews with local practitioners. Although research on the effectiveness of current practices is limited, we identify themes that can inform cooperative economic development.

## URBAN INSTITUTE

B. Theodos et B. Meixell, « [How Chicago and Cook County Can Leverage Opportunity Zones for Community Benefit](#) », 10 janvier 2019, 16 p.

Comment Chicago et Cook County peuvent-ils tirer avantage du programme des « zones d'opportunités » du « Tax Cuts and Jobs Act (TCJA) »?

Local officials, impact investors, and philanthropy have important roles to play in helping communities access Opportunity Zone financing that benefits current residents, especially those with low or moderate incomes. Using Chicago and Cook County as a case study, we identify steps these actors can take to attract helpful, and limit harmful, investments. We find that the Opportunity Zones selected in Chicago and Cook County broadly fulfilled the incentive's spirit, targeting areas that were more economically distressed. Going forward, it will be necessary to leverage available policy and philanthropic levers to compel private action in line with community interests.



## INTERNATIONAL

### BANQUE MONDIALE

G. R. Timilsina, S. Pargal, M. Tsigas et S. Sahin, « [How Much Would Bangladesh Gain from the Removal of Subsidies on Electricity and Natural Gas?](#) », Policy Research Working Paper 8677, 17 décembre 2018, 37 p.

La suppression des subventions relatives à l'électricité libère des ressources budgétaires et le fait de fixer le prix du gaz produit dans le pays à un prix égal

au prix international augmente les recettes de l'État.

As in many countries around the world, subsidies to energy in Bangladesh impose a significant fiscal burden, with benefits that disproportionately accrue to high-income households. Any reforms of energy subsidies should benefit the overall economy rather than those who use energy the most. Using a computable general equilibrium model, this study investigates the economywide impacts of the removal of direct subsidies in the electricity sector and indirect subsidies in natural gas in Bangladesh. The study finds that removal of energy subsidies would be beneficial to the economy and would increase gross domestic product. The magnitude of the economic impact depends on how the budgetary savings from the removal of the electricity subsidies and increased revenues due to the removal of indirect subsidies to natural gas are reallocated to the economy. Recycling the savings (or the new revenues) to fund investment would benefit the country most, followed by the case of utilizing them to fund cuts in income taxes, and finally to fund cuts in indirect taxes. Although the reallocation of budgetary savings to households through lump-sum transfers is found to be inferior to the other recycling options considered, it would be the preferred option from the distributional perspective.

## FONDS MONÉTAIRE INTERNATIONAL (FMI)

T. Arvanitis et M. Flanagan, « [Ukraine : Request for Stand-By Arrangement and Cancellation of Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for Ukraine](#) », 8 janvier 2019, 111 p.

L'économie ukrainienne se redresse: les importants déficits ont fortement diminué, la dette publique est en baisse, l'inflation est en baisse et surtout, la croissance est revenue.

The Ukrainian authorities have been able to restore macro-economic stability and growth following the severe economic crisis of 2014–15. However, efforts to create a more dynamic, open, and

competitive economy have fallen short of expectations, and the economy still faces important challenges. Investment, particularly foreign direct investment, is held back by a difficult business environment, while large numbers of workers seek job opportunities abroad as economic growth is too low for incomes to noticeably close the gap with regional peers. Reserves have recovered, but remain relatively low, while the economy is still vulnerable to shocks.

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## FONDS MONÉTAIRE INTERNATIONAL

I. Fainboim Yaker et I. Lienert, « [The Macrofiscal Function and its Organizational Arrangements](#) », 27 décembre 2018, 40 p.

La déclaration de stratégie budgétaire à moyen terme et le cadre macrofiscal sous-jacent au budget annuel sont des produits clés du MFD.

This note explores the following questions concerning macrofiscal analysis:

- What is the macrofiscal function and why is it needed?
- What activities are included in the macrofiscal function?
- What are the main outputs associated with the macrofiscal function?
- What are the options for the organizational arrangements for the macrofiscal function in a Ministry of Finance (MoF) and how should the macrofiscal department (MFD) coordinate with other departments of the MoF and government agencies outside the MoF?
- How can a strong MFD—one that prepares high-quality fiscal forecasts, monitors the economy and public finances, examines fiscal risks, and provides macrofiscal advice and support to the MoF's management—be built?

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## ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES (OCDE)

OCDE, « [Rapports 2017 d'examen par les pairs relatifs à l'échange de renseignements sur les décisions fiscales](#) », 13 décembre 2018, 484 p.

Les examens par les pairs dans le cadre du projet BEPS ont un impact positif sur la transparence des décisions fiscales.

The BEPS Action 5 minimum standard on the compulsory spontaneous exchange of information on tax rulings (the “transparency framework”) provides tax administrations with timely information on rulings that have been granted to a foreign related party of their resident taxpayer or a permanent establishment, which can be used in conducting risk assessments and which, in the absence of exchange, could give rise to BEPS concerns.

The transparency framework requires spontaneous exchange of information on

five categories of taxpayer-specific rulings: (i) rulings related to certain preferential regimes, (ii) unilateral advance pricing arrangements (APAs) or other cross-border unilateral rulings in respect of transfer pricing, (iii) rulings providing for a downward adjustment of taxable profits, (iv) permanent establishment (PE) rulings; and (v) related party conduit rulings. The requirement to exchange information on the rulings in the above categories includes certain past rulings as well as future rulings, pursuant to predefined periods which are outlined in each jurisdiction's report. The exchanges occur pursuant to international exchange of information agreements, which ensure taxpayer confidentiality.

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## OXFORD UNIVERSITY CENTRE FOR BUSINESS TAXATION

N. Riedel, M. Simmler, et al., « [Local Fiscal Policies and their Impact on the Number and Spatial Distribution of New Firms](#) », 15 octobre 2018, 51 p.

L'effet de la fiscalité des entreprises locales et de la fourniture de biens et services publics locaux sur le nombre et la répartition spatiale des nouvelles entreprises est très favorable pour les



municipalités allemandes dont les taxes  
sont les moins élevées.

We examine the effect of local business taxation and local public good and service (PIGS) provision on the number and spatial distribution of new firms. The analysis draws on panel data for the universe of firm foundations in German municipalities, matched to municipalities' local business tax rates and the level and structure of their local PIGS provision. Methodologically, we estimate fixed effects poisson models coupled with a control function approach. The results suggest that local business taxation (PIGS provision) has a strong negative (positive) impact on the number of new firms in the policy-changing jurisdiction. Local business taxes are, moreover, found to exert beggar-thy-neighbor externalities on neighboring jurisdictions: tax reductions strongly lower the number of neighbors' firm foundations, implying that the aggregate number of new firms remains unchanged; while PIGS provision, on average, exerts no significant impact on the number of firms in adjacent jurisdictions, negative effects emerge for subsets of PIGS and firms.

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